

SENATE AMENDMENTS

2nd Printing

By: Ashby, Raney, King of Hemphill, et al.

H.B. No. 897

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 152.001(12), Tax Code, is amended to read as follows:

(12) "Motor vehicle used for religious purposes" means a motor vehicle that is:

(A) a trailer or is designed to carry more than six passengers;

(B) sold to, rented to, or used by a church or religious society;

(C) used primarily by a church or religious society [~~for the purpose of providing transportation to and from a church or religious service or meeting~~]; and

(D) not registered as a passenger vehicle and not used primarily for the personal or official needs or duties of a minister.

SECTION 2. The change in law made by this Act does not affect tax liability accruing before the effective date of this Act. That liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of

H.B. No. 897

1 the liability for those taxes.

2 SECTION 3. This Act takes effect September 1, 2017.

ADOPTED

MAY 24 2017

Lotay Spaw
Secretary of the Senate

COMMITTEE AMENDMENT NO. 1

BY: *Yonni Burton*

Amend H.B. No. 897 (engrossed version) as follows:

(1) In the recital to SECTION 1 of the bill (page 1, line 6), strike "Section 152.001(12), Tax Code, is" and substitute "Sections 152.001(7) and (12), Tax Code, are".

(2) In SECTION 1 of the bill, immediately before amended Section 152.001(12), Tax Code (page 1, between lines 7 and 8), insert the following:

(7) "Public agency" means:

(A) a department, commission, board, office, institution, or other agency of this state or of a county, city, town, school district, hospital district, water district, or other special district or authority or political subdivision created by or under the constitution or the statutes of this state; ~~or~~

(B) an unincorporated agency or instrumentality of the United States; or

(C) an open-enrollment charter school.

(3) Add the following appropriately numbered SECTION to the bill and renumber the SECTIONS of the bill accordingly:

SECTION _____. Section 502.453(a), Transportation Code, is amended to read as follows:

(a) The owner of a motor vehicle, trailer, or semitrailer may annually apply for registration under Section 502.451 and is exempt from the payment of a registration fee under this chapter if the vehicle is:

(1) owned by and used exclusively in the service of:

(A) the United States;

(B) this state; ~~or~~

(C) a county, municipality, or school district in this state; or

1 (D) an open-enrollment charter school;
2 (2) owned by a commercial transportation company and
3 used exclusively to provide public school transportation services
4 to a school district under Section 34.008, Education Code;
5 (3) designed and used exclusively for fire fighting;
6 (4) owned by a volunteer fire department and used
7 exclusively in the conduct of department business;
8 (5) privately owned and used by a volunteer
9 exclusively in county marine law enforcement activities, including
10 rescue operations, under the direction of the sheriff's department;
11 (6) used by law enforcement under an alias for covert
12 criminal investigations; or
13 (7) owned by units of the United States Coast Guard
14 Auxiliary headquartered in Texas and used exclusively for conduct
15 of United States Coast Guard or Coast Guard Auxiliary business and
16 operations, including search and rescue, emergency communications,
17 and disaster operations.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB897 by Ashby (Relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.), **As Passed 2nd House**

There would be an indeterminate amount of state revenue loss depending on the number of motor vehicles purchased by and registered to open enrollment charter schools.

This bill would amend the Tax and Transportation Codes, regarding the motor vehicle sales and use tax and registration fees.

The bill would amend Section 152.001, regarding definitions, to add a motor vehicle that is a trailer to the definition of a "motor vehicle used for religious purposes." This would exempt trailers purchased by religious organizations from paying the motor vehicle sales and use tax on such purchases. That definition would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

The bill would add an open-enrollment charter school to the definition of a public agency, thereby exempting open-enrollment charter schools from paying motor vehicle sales and use or rental taxes.

The bill would amend Section 502.453(a) of the Transportation Code to exempt open-enrollment charter schools from paying registration fees on a motor vehicle, trailer, or semitrailer.

The definition for a "motor vehicle used for religious purposes" would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

Motor vehicles are defined in Subsection 152.001(3) of the Tax Code to include trailers such as a vans, flatbeds, tanks, dumpsters, dollies, jeeps, stingers auxiliary axles, or converter gear; and a house trailer. With no limitation on the type of trailer the bill could potentially include all of these items, as well as expand the exempt uses of motor vehicles by churches and religious societies. This could have a modest negative fiscal impact, but is not expected to be significant.

According to the Texas Education Agency (TEA), and using TEA's definition of an open-enrollment charter school, there are currently 182 charter schools to which the provisions of the

bill would apply. Under current law, vehicles operated by a commercial transportation company that has a contract with an open-enrollment charter school are exempt from motor vehicle sales and use tax. The Comptroller does not have data regarding the number of motor vehicles registered to open-enrollment charter schools.

The bill would take effect September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 22, 2017

TO: Honorable Lois W. Kolhorst, Chair, Senate Committee on Administration

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB897 by Ashby (Relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.),
Committee Report 2nd House, As Amended

There would be an indeterminate amount of state revenue loss depending on the number of motor vehicles purchased by and registered to open enrollment charter schools.

This bill would amend the Tax and Transportation Codes, regarding the motor vehicle sales and use tax and registration fees.

The bill would amend Section 152.001, regarding definitions, to add a motor vehicle that is a trailer to the definition of a "motor vehicle used for religious purposes." This would exempt trailers purchased by religious organizations from paying the motor vehicle sales and use tax on such purchases. That definition would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

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The bill would amend Section 502.453(a) of the Transportation Code to exempt open-enrollment charter schools from paying registration fees on a motor vehicle, trailer, or semitrailer.

The definition for a "motor vehicle used for religious purposes" would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

Motor vehicles are defined in Subsection 152.001(3) of the Tax Code to include trailers such as a vans, flatbeds, tanks, dumpsters, dollies, jeeps, stingers auxiliary axles, or converter gear; and a house trailer. With no limitation on the type of trailer the bill could potentially include all of these items, as well as expand the exempt uses of motor vehicles by churches and religious societies. This could have a modest negative fiscal impact, but is not expected to be significant.

According to the Texas Education Agency (TEA), and using TEA's definition of an open-enrollment charter school, there are currently 182 charter schools to which the provisions of the

bill would apply. Under current law, vehicles operated by a commercial transportation company that has a contract with an open-enrollment charter school are exempt from motor vehicle sales and use tax. The Comptroller does not have data regarding the number of motor vehicles registered to open-enrollment charter schools.

The bill would take effect September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 17, 2017

TO: Honorable Lois W. Kolhorst, Chair, Senate Committee on Administration

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB897 by Ashby (Relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 152 of the Tax Code, regarding the motor vehicle sales and use tax.

The bill would amend Section 152.001, regarding definitions, to add a motor vehicle that is a trailer to the definition of a "motor vehicle used for religious purposes." This would exempt trailers purchased by religious organizations from paying the motor vehicle sales and use tax on such purchases.

The definition for a "motor vehicle used for religious purposes" would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

Motor vehicles are defined in Subsection 152.001(3) of the Tax Code to include trailers such as a vans, flatbeds, tanks, dumpsters, dollies, jeeps, stingers auxiliary axles, or converter gear; and a house trailer. With no limitation on the type of trailer the bill could potentially include all of these items, as well as expand the exempt uses of motor vehicles by churches and religious societies. This could have a modest negative fiscal impact, but is not expected to be significant.

The bill would take effect September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 7, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB897 by Ashby (Relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 152 of the Tax Code, regarding the motor vehicle sales and use tax.

The bill would amend Section 152.001, regarding definitions, to add a motor vehicle that is a trailer to the definition of a "motor vehicle used for religious purposes." This would exempt trailers purchased by religious organizations from paying the motor vehicle sales and use tax on such purchases.

The definition for a "motor vehicle used for religious purposes" would be further amended to replace the requirement that the motor vehicle be used primarily to provide transportation to and from a church, religious service, or meeting, with the requirement that the motor vehicle be used primarily by a church or religious society.

Motor vehicles are defined in Subsection 152.001(3) of the Tax Code to include trailers such as a vans, flatbeds, tanks, dumpsters, dollies, jeeps, stingers auxiliary axles, or converter gear; and a house trailer. With no limitation on the type of trailer the bill could potentially include all of these items, as well as expand the exempt uses of motor vehicles by churches and religious societies. This could have a modest negative fiscal impact, but is not expected to be significant.

The bill would take effect September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

85TH LEGISLATIVE REGULAR SESSION

March 7, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB897 by Ashby (Relating to the exemption from the taxes imposed on the sale, use, or rental of a motor vehicle for certain motor vehicles used for religious purposes.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: UP, KK